

Credit Report Information for Job Seekers

It is common practice for employers to conduct background checks or pull credit reports on applicants and current employees. The following information is compiled to address common concerns about this practice

Is it legal for a current or prospective employer to access your Credit Report? Yes, it is.

- An employer may use consumer reports when they hire new employees and when they evaluate employees for promotion, reassignment, and retention — as long as they comply with the Fair Credit Reporting Act (FCRA). The FCRA requires that:
 - (1) individuals are aware that consumer reports may be used for employment purposes and agree to such use* and
 - (2) Individuals are notified promptly if information in a consumer report may result in a negative employment decision.
- A person can refuse to willingly provide an employer access to their credit report; **however**, if you refuse to give approval to the employer's request to access your credit report, you will likely leave the impression that you have something to hide and that may harm your chances for getting or keeping the job.

** This means is that the FCRA requires an employer to get your written permission before reviewing your credit report and the words granting permission can't be buried deep within a job application form or other document. You also have to sign separately to indicate your approval.*

What if I am turned down for a job as a result of information contained in my credit report?

- The FCRA mandates that a prospective employer who rejects you for a job based "in whole or in part" on an item on your credit report must give you:
 - (1) A copy of the report before turning you down and
 - (2) Written instructions on how to challenge the accuracy of that report.
- The reality is that it is difficult to track whether employers have followed the letter of the law. An employer may claim that you were turned down for reasons entirely separate from the information on your credit report.

Why do companies use these reports? A couple of possibilities:

- The credit report could be used to determine “character” issues (i.e., trustworthiness and responsibility although an employer might not explicitly state that).
- In some situations a company may require this check in order for the new hire to be insured or bonded.
- The company may be concerned that a person handling money might be more tempted to embezzle if he/she has financial problems.

What can job seekers do about financial problems?

- Be honest, up front.
- Be aware of your credit history. You are entitled to one free copy of your credit report annually. It may contain errors or inaccuracies that you can correct. You can obtain a copy of your credit report from any of the three major credit reporting agencies:

Equifax
PO Box 740241
Atlanta, GA 30374
(800) 685-1111
www.equifax.com

Experian
PO Box 2002
Allen, TX 75013
(888)397-3742
www.experian.com

TransUnion
PO Box 105281
Atlanta, GA 30348
(877)322-8228
www.transunion.com

- Be proactive. Use community agencies like Consumer Credit Counseling to show that you are addressing these issues.
- If, as a job seeker, you are concerned that it will come up as an issue, consider writing a letter indicating the nature of the problem and what they are doing to address it.
- As always, discretion is advised. It might not be necessary to present all the details of your situation if an employer is not directly asking for it.